

Message Text

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ACTION ORM-03

INFO OCT-01 IO-14 ISO-00 SR-02 AID-20 OIC-04 AF-10 ARA-16

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SCA-01 PM-07 NSC-07 SP-03 SS-20 L-03 H-03 CIAE-00

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FOR S/R:ORM

E.O. 11652: N/A

TAGS: SREF, OCON, ICEM

SUBJECT: 29TH SESSION ICEM SUBCOMMITTEE ON BUDGET AND
FINANCE (SCBF)

1. SUBJECT MEETING HELD GENEVA SEPTEMBER 12-13 AND ATTENDED
BY REPS ARGENTINA, FRG, ITALY, THE NETHERLANDS AND USA AS WELL
AS ICEM DIRECTOR AND SENIOR STAFF.

2. SCBF CONCERNED ITSELF WITH SECOND REVISION OF ICEM'S BUDGET
AND PROGRAM FOR 1974, PRELIMINARY ESTIMATES FOR ICEM'S 1975
ADMINISTRATIVE BUDGET, AND THE EROSION OF ICEM'S STAFF PROVIDENT
FUND DUE TO CURRENCY FLUCTUATION AND INFLATION.

3. SECOND REVISION OF 1974 BUDGET AND PROGRAM REFLECTED
INCREASE IN MOVEMENTS FROM PREVIOUS ESTIMATE OF 73,950 TO
79,650. THIS INCREASE RELATES MOSTLY TO SECTION II OF BUDGET
-- REFUGEE PROGRAM. DEFICITS SHOWN IN SECOND REVISION WERE
AS FOLLOWS:

SECTION I - NATIONAL MIGRATION \$19,450

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SECTION II - REFUGEE MIGRATION 26,000

SECTION III - LATIN AMERICAN PROGRAM	71,050
TOTAL	\$116,500

ICEM DIRECTOR CONFIDENT THAT THE GOVERNMENTS DIRECTLY CONCERNED WITH NATIONAL MIGRATION WILL COVER DEFICIT IN SECTION I. HE ALSO CONSIDERS DEFICIT IN SECTION II TO BE EASILY MANAGEABLE. AS FOR SECTION III, THE \$71,050 DEFICIT IS BASED ON ASSUMPTION THAT USG WILL RESTORE MOST IF NOT ALL OF \$220,000 ORIGINALLY EARMARKED FOR PILOT PROJECT. TO EXTENT THAT THIS DOES NOT HAPPEN, DEFICIT IN SECTION III WILL RISE. SCBF WILL REVIEW POSITION OF SECTION III IN NOVEMBER AND IF NECESSARY RECOMMEND UTILIZATION OF RESERVE IN GENERAL ACCOUNT OF MILGRANT LOAN FUND TO COVER ANY REMAINING DEFICIT.

4. SCBF'S CONSIDERATION OF PRELIMINARY ESTIMATES FOR 1975 ADMINISTRATIVE BUDGET REVEALED THAT MAJORITY OF MEMBER GOVERNMENTS HAVE AGREED ACCEPT NEW ASSESSMENTS AS DEVELOPED IN SPRING 1975 BY SPECIAL WORKING GROUP. SCBF URGED THOSE FEW MEMBER GOVERNMENT WHICH HAVE NOT YET ACCEPTED NEW ASSESSMENTS TO DO SO ASAP. PROSPECTS FOR FULLY FUNDED ADMINISTRATIVE BUDGET IN CY 1975 ARE GOOD.

5. RE EROSION OF STAFF PROVIDENT FUND ACCRUAL OWING INFLATION, CURRENCY FLUCTUATION, ETC., SCBF AGREED TO RECOMMEND TO EXECUTIVE COMMITTEE AND COUNCIL THE UTILIZATION OF SOME \$230,000 OF PROFITS FROM ICEM'S CURRENCY EXCHANGE AND INVESTMENTS AS "ONE SHOT" CONTRIBUTION TO PROVIDENT FUND. THIS ACTION IF APPROVED BY EXECUTIVE COMMITTEE AND COUNCIL WOULD PROVIDE AN INCREMENT OF 8.1 PERCENT TO EACH ICEM OFFICIAL'S PROVIDENT FUND ACCRUAL AS OF DECEMBER 31, 1973.

THE SCBF ALSO AGREED TO RECOMMEND TO THE EXECUTIVE COMMITTEE AND COUNCIL ACCEPTANCE OF ICEM ADMINISTRATION'S PROPOSAL PERMITTING ICEM STAFF MEMBERS TO EFFECT WITHDRAWALS FROM THEIR CONTRIBUTION TO PROVIDENT FUND IN ORDER TO PURCHASE RETRO-ACTIVE PARTICIPATION IN NATIONAL SOCIAL SECURITY SCHEMES.

AS FOR THE ICEM ADMINISTRATION'S PROPOSAL FOR THE ESTABLISHMENT OF SEPARATE ACCOUNTS FOR SEVERANCE PAY ACCRUALS FOR EACH STAFF MEMBER AND THE CREDITING OF INTEREST TO THOSE ACCRUALS, THE USDEL LIMITED OFFICIAL USE

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AND OTHER SCBF MEMBERS EXPRESSED OPPOSITION TO SUCH ACTION. THIS REGARD, USDEL QUESTIONED ADVISABILITY OF TYING UP SUBSTANTIAL FUNDS FOR FULL COVERAGE OF SEVERANCE PAY AND SUGGESTED THAT ICEM ADMINISTRATION CONSIDER PRESENTATION OF SEVERANCE PAY AS LINE ITEM IN ANNUAL BUDGETS WITH ESTIMATED AMOUNT REQUIRED FOR GIVEN CALENDAR YEAR. ICEM ADMINISTRATION AGREED RATHER RELUCTANTLY TO STUDY THIS POSSIBILITY.

6. UNDER "ANY OTHER BUSINESS" ITEM OF SCBF AGENDA, USDEL ANNOUNCED USG'S INTENTION TO REDUCE ITS CONTRIBUTION TO SECTION III - LATIN AMERICAN PROGRAM TO \$750,000 IN CY 1975. USDEL EXPLAINED THAT THIS POLICY DECISION REACHED AFTER CAREFUL CONSIDERATION OF RELEVANT FACTORS SUCH AS PROGRAM PRIORITIES, USG'S FIGHT AGAINST INFLATION, DEMONSTRATED INTEREST OR LACK THEREOF AS WELL AS LEVELS OF FINANCIAL SUPPORT FOR LATIN AMERICAN PROGRAM OF OTHER ICEM MEMBER NATIONS, PERCENTAGE LEVEL OF USG SUPPORT, ETC.

THE USDEL URGED ICEM ADMINISTRATION TO TAKE THIS DEVELOPMENT INTO ACCOUNT WHEN PREPARING ICEM BUDGET AND PROGRAM FOR CY 1975. USDEL EXPRESSED HOPE THAT OTHER ICEM MEMBERS, PARTICULARLY THOSE EUROPEAN AND LATIN AMERICAN GOVERNMENTS MOST DIRECTLY INTERESTED AND INVOLVED IN LATIN AMERICAN PROGRAM, WOULD INCREASE THEIR SUPPORT TO COMPENSATE FOR USG REDUCTION. USDEL OBSERVED THAT IN EVENT GAP NOT OTHERWISE COVERED, ICEM ADMINISTRATION MIGHT BE WELL ADVISED TO CONSIDER PLACING SECTION III - LATIN AMERICAN PROGRAM ON FOOTING SIMILAR TO SECTION I - NATIONAL MIGRATION, I.E., THE PROVISION OF TRANSPORTATION ASSISTANCE ONLY LEAVING THE RECRUITMENT AND PLACEMENT ACTIVITIES, WHICH CONSUME SUCH LARGE PART OF SECTION III BUDGET, TO GOVERNMENTS DIRECTLY CONCERNED.

THE LATIN AMERICAN MEMBER OF SCBF (ARGENTINA) DISPLAYED APPRECIATION OF USG POSITION AND DID NOT EXPRESS ANY PARTICULAR NEGATIVE VIEWS. OTHER MEMBERS OF SCBF SEEMED EQUALLY UNDERSTANDING. THE REPS OF FRG AND THE NETHERLANDS OBSERVED THAT THIS DEVELOPMENT COULD HAVE IMPACT ON ICEM'S ADMINISTRATIVE BUDGET POSSIBLY REDUCING FINANCIAL REQUIREMENT AND URGED ICEM ADMINISTRATION TO TAKE THIS POSSIBILITY INTO ACCOUNT WHEN PREPARING CY 1975 BUDGET.

UNLIKE GOVERNMENT DELEGATES TO SCBF, THE ICEM DIRECTOR AND LIMITED OFFICIAL USE

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SENIOR MEMBERS OF HIS STAFF SEEMED RATHER DISTURBED OVER USDEL'S ANNOUNCEMENT. DIRECTOR ASKED "DOES THIS REALLY MEAN THAT USG WILL NOT SUPPORT LATIN AMERICAN PROGRAM IN ACCORDANCE MODEL SCHEDULE OF RESOURCES (COST SHARING FORMULA)?" USDEL RESPONDED THAT USG WAS INSTRUMENTAL IN ESTABLISH MODEL SCHEDULE AND THAT WE HAD CONTRIBUTED IN CLOSE ACCORDANCE WITH IT OVER PERIOD SEVERAL YEARS. USDEL FURTHER OBSERVED, HOWEVER, THAT MOST OTHER MEMBER GOVERNMENTS HAD NOT REPEAT NOT CONTRIBUTED IN ACCORDANCE MODEL SCHEDULE AND THAT SEVERAL GOVERNMENTS HAD CONTRIBUTED LITTLE OR NOTHING TO PROGRAM. USREP FURTHER OBSERVED THAT US DELEGATION TO ICEM GOVERNING BODIES IN RECENT YEARS HAD REPEATEDLY EXPRESSED CONCERN OVER FACT THAT USG WAS CONTRIBUTING INORDINATE SHARE OF LATIN AMERICAN PROGRAM COSTS (IN EXCESS OF 50 PERCENT OF ALL GOVERNMENT CONGRIBUTIONS.)

VIEW DEMONSTRATED FEELINGS OF ICEM DIRECTOR AND SENIOR STAFF,
POSSIBILITY INDICATED THAT THEY WILL MAKE END RUNS, POSSIBLY TO
CONGRESSIONAL CONTACTS, IN EFFORT TO HAVE USG DECISION REVERSED
AND FUNDS RESTORED.

7. THE SCBF WILL CONTINUE ITS 29TH SESSION ON NOVEMBER 11
AND 12 JUST PRECEDING AUTUMN SESSIONS OF EXECUTIVE COMMITTEE
AND COUNCIL. DALE

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